

**Testimony for Michael Frigo, Vice President, Mayslake Village,
Westmont, Illinois
Thursday, September 6, 2007
Subcommittee on Housing and Community Opportunity
H.R. 2930, The Supportive Housing for the Elderly Act of 2007**

Thank you for giving me the opportunity to speak to you today regarding this very important matter of housing for the elderly and the HUD Section 202 program.

My name is Mike Frigo and I am the Vice President of Mayslake Village, which is located in Westmont, Illinois. It is approximately 15 miles west of downtown Chicago. Mayslake Village is within Congresswoman's Judy Biggert's District.

Mayslake Village has been a partner with HUD since 1960. We currently have five different HUD sponsored buildings with 622 apartments on our campus. Our oldest building goes back to 1971. In 1971, the HUD subsidy consisted of a 3% mortgage with a 50-year loan amortization and with no rental assistance.

The main reason I am here today is to discuss H.R. 2930, which speaks of some very important and exciting amendments to the HUD Section 202 program. All of the proposed items mentioned in this amendment make a great deal of sense and will allow us to preserve our oldest project, which is in deep financial trouble.

This oldest project is known as the Center building. It is functionally obsolete. It has 100 efficiency apartments that are no longer rentable. These are the only efficiencies among the 622 apartments on the campus.

The efficiency apartments living space is only 300 square feet compared to the one-bedroom apartments that are 540 square feet in size or more on our campus. We have no demand for them and there is no waiting list for them either. Currently 85 of the 100 efficiencies are sitting empty and as our older residents vacate these units, we expect these 15 efficiencies will become empty too.

Our problem at Mayslake Village in renting these efficiency apartments is so bad that two years ago after Hurricane Katrina hit New Orleans we had five senior citizens who had evacuated from New Orleans come to Mayslake Village seeking shelter. Of these five senior citizens, only two would accept an efficiency apartment. The other three people informed me that they would rather squeeze in and stay with their families than move into one of our 300 square foot efficiency apartments. Today only one of the two people still lives at Mayslake Village as the other person moved out after a few months telling me that living in that small efficiency apartment was driving her crazy.

Since we have such a large number of empty apartments in this building, we have experienced significant financial losses over the last five years totaling \$1.58 million. We have used our own funds to cover these losses so that the building could remain solvent however; we are running out of funds. For the year just ended June 30, 2007, we had to put \$400,000 of our own money into this building to keep it afloat.

We do have a practical and efficient plan prepared to rehabilitate this building. It calls for taking two efficiency apartments and combining them into a one-bedroom apartment, which would measure approximately 600 square feet. Ultimately, this would result in creating 50 one-bedroom apartments, which we know we could rent immediately. We have been working on this rehabilitation project for the last three years and our architects, engineers and consultants inform me that to rehabilitate this building today will cost approximately \$10 million. In contrast, if we were to construct a new building with 100 one-bedroom apartments, it would cost approximately \$15 million. The rehabilitation results in a \$5 million savings.

H.R. 2930 would create a “Senior Preservation Rental Assistance Contract” which would allow our property to be refinanced and rehabilitated. Additionally, this amendment would give our residents a rental assistance program, which we never had for this building. Both the funding to rehabilitate and the rental assistance program would enable us to keep this building going for another forty years.

In closing, I would like to thank you for giving me this opportunity to speak to you about Mayslake Village and the importance of passing H.R. 2930. These changes will benefit all of our low-income seniors in the United States. Thank you.